

Senate Joint Resolution No. 12

RESOLUTION CHAPTER 77

Senate Joint Resolution No. 12—Relative to wine labeling.

[Filed with Secretary of State July 12, 2005.]

LEGISLATIVE COUNSEL'S DIGEST

SJR 12, Chesbro. Wine: user fees.

This measure would memorialize Congress to oppose and defeat a 2006 budget proposal for \$29 million in user fees to be collected by the Department of Treasury's Tax and Trade Bureau for wine label, formula, and permit applications and administrative costs.

WHEREAS, California is the fourth largest wine producer in the world after France, Italy, and Spain; and

WHEREAS, The California wine industry has an annual impact of \$45.4 billion on the state's economy, and produces the number one finished agricultural product in the state; and

WHEREAS, The California wine industry creates more than 200,000 jobs, billions of dollars in economic activity, and preserves agricultural land and the family farm; and

WHEREAS, The California wine industry generates higher taxes than most industries because, as a regulated industry, it pays excise taxes to state and federal governments on every bottle of wine; and

WHEREAS, California receives over \$2 billion in taxes and other business licenses and fees from the wine industry; and

WHEREAS, The federal government, other states, and local municipalities collect an additional \$3.7 billion in tax revenues a year from the California wine industry; and

WHEREAS, Winery tourism is very popular and contributes significantly to the rural economy, as many state tourism departments feature their wineries as major tourist attractions and prompt tourism expenditures of some \$1.3 billion annually; and

WHEREAS, The California wine industry is a leader in the stewardship of natural resources and the environment, preservation of agricultural land and open space, and overall enhancement of Californians' lifestyles; and

WHEREAS, Wineries are almost always located in rural areas, near the source of the winegrapes, and the combination of vineyards and wineries provides a stable, year-round, and flexible base of rural employment; and

WHEREAS, Wineries and winegrape growers have made a major commitment to implement sustainable practices, that are environmentally sound, economically viable, and socially responsible; and

WHEREAS, Despite the challenges of intense global competition, trade barriers, agricultural pests, and the constant threat of increased taxes and regulations, the state's wine industry is strong and is a major contributor to the economic vitality of California; and

WHEREAS, The federal 2006 budget proposes \$29 million in user fees to be collected by the Department of the Treasury's Tax and Trade Bureau for wine label, formula, and permit applications and administrative costs; and

WHEREAS, Federal law requires Tax and Trade Bureau approval for any changes to wine labels, including any changes in vintage dating, blending requirements, source of grapes, and alcohol content, resulting in virtually all wine labels needing annual federal approvals; and

WHEREAS, Since 80 percent of the 110,000 labels approved annually by the federal Tax and Trade Bureau are submitted by wineries, this proposal would have a serious impact on the nation's 4,000 small family-owned wineries; and

WHEREAS, Most of California's 1,100 wineries are small family-owned businesses and will shoulder a disproportionate share of this new cost; and

WHEREAS, Congress would have to pass authorizing legislation to implement the new fee proposed in the 2006 federal budget; now therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Legislature of the State of California memorializes the Congress of the United States to protect and preserve the ability of small family-owned wineries to contribute to the economy of California and the nation by opposing and defeating the 2006 budget proposal for \$29 million in user fees to be collected by the Department of Treasury's Tax and Trade Bureau for label, formula, and permit applications and administrative costs; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President of the United States, and to all members of the Congress of the United States.